

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 02059 041048Z

43

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03

PA-01 PRS-01 USIA-06 /111 W
----- 008653

R 040914Z MAR 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 471

INFO AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY DACCA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

C O N F I D E N T I A L TEHRAN 2059

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: NIOC DIRECT CRUDE SALES

1. SUMMARY. NIOC CONTINUES ATTEMPTING TO SELL CRUDE AT PRICE FOUR CENTS ABOVE OPEC "MARKET PRICE" (DEFINED AS 93 PERCENT OF ABU DHABI FORMULA POSTING) AND ON USANCE TERMS OF 30-60 DAYS. NIOC FIRST QUARTER LIFTINGS OF CRUDE APPEAR TO BE RUNNING ABOUT 515,000 B/D VERSUS ESTIMATED AVAILABLES OF 726,000 B/D IN 1975 (FIRST QUARTER AVAILABLES WOULD BE SLIGHTLY OVER 700,000 B/D). WE HAVE REPORTS OF ACTUAL SALES TOTALLING ONLY SOME 153,200 B/D FOR THE FIRST QUARTER (TO ASHLAND AND AMOCO OF THE US, MARUZEN AND SUMITAMO OF JAPAN, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 02059 041048Z

MADRAS REFINERY IN INDIA, AND SOUTH AFRICA). IN ADDITION WE ASSUME

NIOC CONTINUES SELLING 80 - 100,000 B/D TO ISRAEL (HOLD CLOSELY) AND AS MUCH AS 100,000 B/D TO HMG (UK) AND SMALL AMOUNTS TO PAKISTAN, BANGLADESH AND NEPAL. ACTION REQUESTED: ANY INFO ADDRESSEE POSTS MAY HAVE ON QUANTITIES OF CRUDE PURCHASED FROM IRAN, PRICES AND TERMS. END SUMMARY.

2. WE HAVE BEEN TRYING TO ASSEMBLE PICTURE OF NIOC'S DIRECT SALES, BUT HAVE FOUND IT TO BE A JIGSAW PUZZLE WITH MOST PIECES MISSING. NIOC CONTINUES TO TRY TO SELL CRUDE AT PRICE CONSISTENT WITH ITS POSITION ON PRICES TO CONSORTIUM MEMBERS; THAT IS, FOUR CENTS ABOVE THE 93 PERCENT OF ABU DHABI FORMUAL POSTINGS WHICH OPEC CITED AS THE MARKET PRICE (IN OTHER WORDS \$10.71 INSTEAD OF 10.67 PER BARREL FOR IRANIAN LIGHT, AND \$10.49 INSTEAD OF \$10.45 FOR HEAVY). NIOC IS CITING CREDIT (USANCE) TERMS OF 30-60 DAYS, THOUGH IT IS RUMORED THAT ONE GOVERNMENT OBTAINED 180 DAYS CREDIT. EACH 30 DAYS CREDIT AT PRESENT PRICES AND INTEREST RATES IS WORTH ABOUT 10 CENTS PER BARREL.

3. NIOC'S CRUDE AVAILABLES FOR 1975 LOOK TO BE APPROXIMATELY AS FOLLOWS:

IRANIAN LIGHT	225,000 B/D
IRANIAN HEAVY	225,000
SASSAN (LAPCO)	105,000
DARIUS (IPAC)	47,000
CYRUS (IPAC)	20,000
FEREIDOUN (IPAC)	35,000
ROSTAM (IMINOCO)	32,000
8480	726,000

4. FOLLOWING IS INFORMATION AND RUMORS WE HAVE COLLECTED ON NIOC SALES: ASHLAND REPORTEDLY BOUGHT 35,000 B/D, TYPE UNKNOWN, WITH PRICE GIVEN AS "CONSORTIUM MEMBERS' PRICE PLUS 22 CENTS." SUMITOMO BOUTHT (IN DECEMBER) ONE CARGO OF 40,000 TONS AT 93 PERCENT OF ABU DHABI FORMULA POSTINGS (ON QUARTERLY BASIS THIS AMOUNTS TO APPROXIMATELY 3200 B/D). MARUZEN (JAPAN) CONTINUES BUYING AROUND 20,000 B/D OF ROSTAM CRUDE UNDER CONTRACT THAT IS NOW ALMOST TWO YEARS OLD. PRICE UNKNOWN, BUT REPORTEDLY AGREED ONLY FOR FIRST QUARTER OF 1975. MITSUBISHI HAS BEEN NEGOTIATING FOR 5,000 B/D OF IRANIAN LIGHT AND 5,000 B/D OF HEAVY, AND NISSHO-IWAI HAS BEEN NEGOTIATING (FOR ITSELF AND TWO OTHER JAPANESE FIRMS) FOR 15,000 B/D, MAINLY CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEHRAN 02059 041048Z

OF IRANIAN LIGHT. BOTH THESE COMPANIES HAVE REFUSED NIOC'S LATEST OFFER (93 PERCENT OF ABU DHABI FORMULA POSTINGS PLUS FOUR CENTS, 60 DAYS USANCE) AND NEGOTIATIONS ARE SUSPENDED. NIOC CONTINUES DELIVERING ABOUT 40,000 B/D OF SASSAN CRUDE TO ITS SOUTH AFRICAN JOINT VENTURE REFINERY AND AT LEAST 25,000 B/D OF DARIUS CRUDE TO MADRAS REFINERY IN INDIA. ROMANIA REPORTEDLY INTENDS TO BUY SOME 40,000 B/D, ALL OR MOSTLY IRANIAN LIGHT, BUT PRICE HAS NOT YET BEEN AGREED. WE PRESUME, FINALLY THAT NIOC CONTINUES TO SELL

80-100,000 B/D (OR PERHAPS MORE) OF ITS OWN CRUDE TO ISRAEL AND THAT HMG CONTINUES TO LIFT SOME OF THE 5 MM TONS (100,000 B/D ON ANNUAL BASIS) PURCHASED IN THE "LOOSE BARTER" ARRANGEMENT BETWEEN IRAN AND THE UK CONCLUDED EARLY LAST YEAR. AMOCO (US) REPORTEDLY BOUHT 30,000 B/D OF IRANIAN LIGHT AND HEAVY, FOR FIRST QUARTER ONLY, AT 93 PERCENT OF ABU DHABI FORMUAL POSTING WITH 45 DAYS USANCE. IT IS RUMORED THAT PETROBRAS AND CLARK OIL ARE ALSO BUYING. FINALLY NIOC HAS SOLD SMALL QUANTITIES TO PAKISTAN, BANGLADESH AND NEPAL.

5. NIOC APPEARS TO HAVE LIFTED SOME 265,000 B/D FROM THE FORMER CONSORTIUM AREA AND 250,000 OF OFFSHORE OIL IN JANUARY 1975. THUS OUR FRAGMENTS OF INFORMATION DO NOT COME CLOSE TO ACCOUNTING FOR NIOC SALES. ACTION REQUESTED: WE WAOULD APPRECIATE ANY DATA ADDRESSEES MAY BE ABLE TO PROVIDE, IN PARTICULAR:
FOR DEPARTMENT: FURTHER INFORMATION FROM ASHLAND, CLARK, AMOCO, AND FROM AMERICAN MAJORS, WHO MUST HAVE COMMERCIAL INTELLIGENCE ON NIOC SALES. FOR TEL AVIV; ISLAMABAD; DACCA; NEW DELHI; KATHMANDU; BRASILIA; BUCHAREST: ANY INFO OBTAINABLE ON PURCHASES FROM NIOC BY GOVERNMENTS OR GOVERNMENT COMPANIES. FOR LONDON: WOULD BP OR HMG SUPPLY YOU A SCHEDULE OF LIFTINGS, PAST AND FUTURE, OF CRUDE UNDER LAST YEAR'S "LOOSE BARTER" ARRANGEMENT?
HELMS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PETROLEUM PRODUCTION, PETROLEUM INDUSTRY, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN02059
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750075-0324
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750383/aaaacwos.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by ShawDG>; APPROVED <11 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIOC DIRECT CRUDE SALES
TAGS: ENRG, IR, NIOC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006